DOCUMENT RESUME

ED 328 784 CE 057 000

AUTHOR Zornitsky, Jeffrey; And Others
TITLE Worker Mobility in the U.S. Economy. Executive Summary. Research Report Series RR-86-24.
INSTITUTION National Commission for Employment Policy (DOL), Washington, D.C.
PUB DATE Feb 86
CONTRACT J-9-M-5-0066
NOTE 18p.
PUB TYPE Reports - Research/Technical (143)

EDRS PRICE MF01/PC01 Plus Postage.
DESCRIPTORS Adult Education; Adults; *Career Change; *Dislocated Workers; Economic Change; Employment Patterns; Job Layoff; *Labor Market; Labor Needs; Labor Turnover; *Occupational Mobility; Public Policy; *Relocation

ABSTRACT

A study conducted as part of a project concerned with the increasing internationalization of the U.S. economy addressed three questions: (1) whether the rate of worker mobility kept pace with changing labor demand, and if not, what strategies might be used to increase it; (2) when faced with dislocation, whether workers responded by migrating and/or changing occupations; and (3) how adequate were existing federal policies for facilitating worker mobility. Findings indicated that even though economic changes were accelerating, worker mobility may have declined since the first half of the 1970s. Three factors that contributed to the decline were limited earnings payoffs associated with geographic migration, rising housing costs, and increased labor force participation of married women. Displaced workers were much more likely to migrate than other workers. An analysis of government policies aimed at facilitating worker mobility led to three conclusions: (1) relocation assistance, although authorized by the Job Training Partnership Act and the Trade Adjustment Assistance Act was not extensively used; (2) increased emphasis on experimental designs to evaluate program options is needed to develop an effective mobility strategy; and (3) programs operated under differing administrative and planning guidelines and did not form a consistent strategy. (A table of contents for a longer report on which this summary is based is appended.) (YLB)

****
* Reproductions supplied by EDRS are the best that can be made *
* from the original document. *
****

ED328784

WORKER MOBILITY IN THE U.S. ECONOMY

by

Jeffrey Zornitsky
Jane Kulik
Adam Seitchik

February 1986 RR-86-24

RESEARCH REPORT SERIES
NATIONAL COMMISSION
FOR EMPLOYMENT POLICY
1522 K STREET, N.W.
WASHINGTON, D.C. 20005

CE057000

U.S. DEPARTMENT OF EDUCATION
Office of Educational Research and Improvement
EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)

☐ This document has been reproduced as received from the person or organization originating it.

☐ Minor changes have been made to improve reproduction quality.

• Points of view or opinions stated in this document do not necessarily represent official OERI position or policy.

Preface

The study is part of the National Commission for Employment Policy's project concerned with the increasing internationalization of the U.S. economy and what this means for U.S. labor markets. The changing structure of the economy makes the mobility of the labor force of substantial concern to policy makers. If workers cannot move quickly from declining to growing sectors, changes in employment demand will produce both unemployment and production bottlenecks.

"Worker Mobility in the U.S. Economy" by Jeffrey Zornitsky, Jane Kulik and Adam Seitchik of Abt Associates, Inc. addresses three questions:

1. Has the rate of worker mobility kept pace with changing labor demand, and, if not, what strategies might be employed to increase it?
2. When faced with dislocation, do workers respond by migrating and/or changing occupations, and how does their behavior compare to that of workers who are not displaced in the labor market?
3. How adequate are existing Federal policies for facilitating worker mobility and what changes, if any, would improve their effectiveness?

The authors conclude that even though economic changes were accelerating, worker mobility may have actually declined since the first half of the 1970s. The decline is partly attributable to increased labor force participation of married women, and rising housing costs in the late 1970s. Displaced workers, however, are much more likely to migrate than other workers.

Zornitsky, Kulick and Seitchik come to three conclusions in their analysis of government policies aimed at facilitating worker mobility. First, relocation assistance, while authorized by Title III of the Job Training Partnership Act and the Trade Adjustment Assistance Act, is not extensively used. Second, "Increased emphasis on experimental designs to evaluate program options is needed to develop an effective mobility strategy." Third, "programs operate under differing administrative and planning guidelines, and are not tied together into a consistent strategy for facilitating worker mobility."

The project on employment effects of increasing internationalization was designed by members of the Commission staff (Stephen Baldwin, team leader) under the general supervision of a Commission work group chaired first by Commissioner D. Quinn Mills and currently by Commissioner Walton Burdick. However, the findings and conclusions of this study are those of the researchers alone,and should not be construed as representing the views of either the Commission or its staff.

NOTE: This publication is a summary of a longer research report with the same title. A table of contents for the longer report is included at the end of this report. The longer report provides appendices describing methodology as well as detailed tables, and is available on request from the Commission at 1522 K Street N.W., Suite 300, Washington D.C. 20005.

This report was prepared for the National Commission for Employment Policy, Contract No. J-9-M-5-0066. Since grantee/contractors conducting research and evaluation projects under government sponsorship are encouraged to express their own judgment freely, this report does not necessarily represent the official opinion or policy of the National Commission. The grantee/contractor is solely responsible for the contents of this report.

ACKNOWLEDGEMENTS

Many individuals made important contributions to this study. First, we would like to thank Dr. Steven Sandell. Dr. Sandell served as the project officer for this study and provided important and substantive input to its design. His patience and thoughtfulness are very appreciated.

Ms. Connie Lawson, Ms. Elizabeth Shapiro, and Ms. Monique Sullivan all provided able research assistance without which much of the report could not have been produced. Mr. Robert Sharick did all the data processing in his usual quiet and efficient manner. Ms. Jan Nicholson did all the word processing with patience and good humor.

EXECUTIVE SUMMARY

From an economic point of view, worker mobility--both occupational and geographic--is part of the labor market's resource allocation process. If workers were perfectly mobile and substitutable for each other, shifts in the composition of employment that did not affect its overall level would have no influence on the rate of unemployment. Employment losses in contracting sectors would be matched exactly by employment gains in growing sectors. However, if workers cannot or do not move freely from declining to growing sectors, shifts in employment demand for labor can produce increases in unemployment, at least temporarily. Because the mobility of the labor force is a source of market efficiency, it is of substantial concern to policy makers.

There are several specific reasons why the mobility of the labor force is of policy concern today. The first is that the economy has been operating at higher levels of unemployment. Between the peak employment years of 1969 and 1979, for example, the adult unemployment rate increased from 2.7 percent to 4.8 percent; and in 1985, three years after the last recession, adult unemployment still stood at 6.2 percent. With more workers unemployed, one would expect that employers would be able to fill existing vacancies without much difficulty. However, since the early 1970s, available evidence shows that employers are having more difficulty filling job vacancies than in the past; and of the unemployed workers available to fill such vacancies, a greater proportion are out of work for relatively long periods of time. This implies that the existing pattern and level of worker mobility, in and of itself, may not be sufficient to correct labor market shortages and surpluses.

The changing structure of the economy partly explains these developments. As has been well documented, the composition of industries and occupations is rapidly changing from a blue-collar manufacturing base to a white-collar service and information-based economy driven by new and advanced technology. Moreover, employment has also been shifting on a geographic basis. Between 1968 and 1978, for example, employment grew by 33 percent in the South and by 40 percent in the West. This compared to a 24 percent national growth rate and 11 percent for the Northeast. More recently, a report by the Joint Economic Committee of the Congress revealed that these trends in the location of job growth have continued and will likely persist in the future.

By the end of the 1970s and into the early 1980s, workers thus found themselves in the midst of changes in the types and location of job opportunities. Employment was growing primarily in the South and West, and declining, especially in the manufacturing sector, in the Northeast and Midwest. Blue-collar workers and those with limited education, in particular, were experiencing a deterioration in their

labor market status as well as a competitive disadvantage in comparison to better educated and more technically trained white-collar workers. It is therefore quite appropriate that policy attention has turned to worker mobility and its contribution to efficient labor market operation.

Even if difficulties in the job matching process could be eliminated fully, available evidence also indicates that large numbers of workers would still have remained unemployed. Between 1970 and 1980, the labor force grew faster than employment for the first time in 20 years. While 19.4 million jobs were added to the economy during the 1970s, the adult labor force alone grew by 21.5 million workers, a difference of 2.1 million jobs. This compares to the 1950s and 1960s when employment growth outpaced the expansion of the labor force by 2.2 million and 7.2 million jobs, respectively. It should thus not be surprising that the economy is operating at higher levels of unemployment and that there are more unemployed workers for a given number of job vacancies. While mobility may be problematic, relatively sluggish job growth has also contributed to rising unemployment.

Achieving an understanding of the nature of worker mobility in today's labor market is the objective of this study. Although the mobility process is not responsible solely for increasing unemployment, it remains an important source of labor market efficiency and worker well being. Because labor force projections by the Bureau of Labor Statistics (1985) indicate a continued decline in the absolute number and proportion of workers between the ages of 16 and 34, and because such young adults are among the most mobile segments of the labor force, their declining numbers will place unprecedented reliance on the mobility of workers 35 years of age and older to help meet emerging labor demand. This, in turn, raises a number of issues regarding the ability of these more experienced adult workers to adjust to future changes in employment.

By examining the mobility of adult workers in today's labor market, this study is intended to offer insights into how workers adapt to change and those issues that may well emerge in tomorrow's labor market. In particular, the study is designed to address the following three questions:

1. Has the rate of worker mobility kept pace with changing labor demand and if not, what strategies might be employed to increase it?

2. When faced with dislocation, do workers respond by migrating and/or changing occupations, and how does their behavior compare to that of workers who are not displaced in the labor market?

3. How adequate are existing federal policies for facilitating worker mobility and what changes, if any, would improve their effectiveness?

The ability of workers to adapt to structural changes in the labor market is best seen among those affected by changing labor demand. Using data on displaced workers collected by the Bureau of Labor Statistics, this study focuses primarily upon individuals between the ages of 25 and 61 who were permanently laid off from private non-agricultural jobs between 1979 and 1983. For analysis purposes, mobility is assessed on an occupational, career, and geographic basis and examined separately for men and women. Occupational mobility is defined as a change in detailed occupational categories, career mobility as a change in both detailed occupation and industry, and geographic mobility is expressed on an inter-state and inter-county/city basis.

Recent Developments in Worker Mobility

Available information on job turnover and inter-state migration indicates that the labor force is less mobile today than it was in the late 1960s and early 1970s. Manufacturing quit rates declined after 1975 and inter-state migration rates--adjusted for changes in the age composition of the population--declined from 10.3 percent in 1970 to 9.9 percent in 1980. Although small, more startling are the observed declines for the youngest and most educated segments of the population.

Between 1965 and 1970, 20.2 percent of those 20 to 24 years of age migrated at least once to a different state; between 1975 and 1980, this rate had declined to 16 percent. Similarly, the inter-state migration rate for those 25 to 29 declined from 19.6 percent to 17.6 percent over the same period. Assessing migration rates for different educational groups indicates that the most educated individuals experienced the greatest declines in inter-state migration, regardless of their age. Inter-state migration rates for individuals with four years of college or more and who were between the ages of 25 and 34 declined from 34 percent during the 1965 to 1970 period to 25.9 percent in the 5-year period preceding the 1980 Census.

These declines in mobility and especially in inter-state migration are surprising and could cause problems in view of the reliance that the labor market has placed on worker mobility. Since mobility is the labor market mechanism that in theory allocates workers to their most productive uses, its observed decline suggests that frictional unemployment may increase, that job openings may remain unfilled for relatively long periods of time, and that workers may remain unemployed for protracted periods. As a result, it is important to develop an understanding of the factors that have likely contributed to the decline in worker mobility.

In this study we identified three major factors that have contributed to the observed declines in worker mobility. These include: (1) limited earnings payoffs associated with geographic migration; (2) rising mortgage interest rates in the late 1970s and early 1980s; and (3) the rapid rise in the labor force participation rates of married women. Each of these three explanations is presented briefly below.

Ultimately, the true test of whether the labor market is offering migration incentives is the existence of positive earnings effects. The estimates derived in this study are consistent with those of other studies. For adult workers who migrated between 1976 and 1977, our estimates reveal a $388 annual net earnings gain for men in 1978 and 1979 and no gain for women. The fact that women do not gain is consistent with the findings from studies of family migration. These studies have typically found that women often move with their husbands and forego earnings to improve their family's income. Over time, however, the earnings of these migrant women often return to where they were before the move.

If the earnings gains from migration are positive and significant for men, how do they compare with the costs? The two elements of costs that were considered in this study are housing costs and the costs associated with the earnings loss of working wives. In the first case, we compared the monthly mortgage cost of a new home in 1968 with that of either an existing or new home in 1978; these two years reflect the mid-point of two periods for which inter-state migration rates were observed to have declined. The objective of the comparison was to identify the net increase in monthly housing costs that a person would experience if he or she sold the home purchased in 1968, in 1978 in order to move.

Our findings revealed that as a result of rising interest rates, the monthly cost of purchasing a new home in 1978 would increase by $89, far in excess of the $32 monthly gain in earnings that would accrue to migrant individuals as a result of the move. For the purchase of an existing home, however, we found that the monthly mortgage cost would increase by $21. While this compares favorably to the $32 monthly gain in earnings, it does not include the earnings lost to a working wife as a result of moving. Moreover, neither of the above two comparisons considers the fact that housing prices rose relatively slowly in those areas of the country experiencing limited employment growth. For example, between 1970 and 1979, the median price of a new home in the U.S. increased by 169 percent, and in the West by 190 percent. In the Northeast, however, housing prices increased by 117 percent and in the North Central by 161 percent. For workers living in declining regions of the country, the migration decision was thus even more difficult than for the average worker. While accumulated equity could be applied to the purchase of a new home, it would not be enough to meet the rapidly rising costs of housing in growing regions of the country.

When migration is viewed as an investment, the earnings losses that one spouse may incur to support the move of another is a cost. Several studies have shown that when families move, wives usually experience a loss in earnings; and as would be expected, having a working wife decreases the likelihood that a family will move. Thus, the fact that the employment rate of married women increased by 8.3

percentage points between 1968 and 1978 likely contributed to the observed decline in inter-state migration over the same period. In fact, the results of our statistical tests indicate that the increased employment rates of married women were associated with nearly 20 percent of the total decline in migration.

It is thus clear that one major reason inter-state migration declined during the late 1970s is the large increase in the net costs of owning a home. Moreover, the rapid rise in labor force participation of married women added to this, as did the relatively slow growth in the housing prices in the Northeast and Mid-West. While it is true that mortgage interest rates have recently fallen below their levels in the late 1970s and early 1980s, they still remain well above those rates prevailing in the 1960s. Thus, although we may observe some increase in inter-state migration, relatively high interest rates will keep the costs of migration at relatively high levels. Efforts to stimulate the migration behavior of individuals will have to consider these facts and identify policies that provide financial housing assistance, job search assistance to working wives, and/or a means for increasing the earnings benefits that accrue to migrant husbands.

Migration and Job Loss

Since the role that migration plays in clearing labor markets is best seen among the unemployed, we analyzed the determinants of inter-city/county migration for men and women who had been permanently laid off from a job in 1983, referred to as dislocated workers. Our objective was to determine how these workers respond to changing labor demand and whether their mobility behavior differed from that of adult workers.

Our combined findings revealed that dislocated workers have distinctly higher rates of migration than the average worker. Eleven percent of workers permanently laid off in 1983 migrated to another city or county, compared to 6.1 percent for all workers. In addition, several sub-groups of the dislocated population have migration rates that are relatively low. Blacks, those above the age of 35, women, the less educated, and those with high levels of tenure on the layoff job all migrate at rates below those of their dislocated counterparts. Only the low migration rate of blacks, however, remains after controlling for other characteristics. Thus, while targeting on all of these groups would appear desirable from a policy perspective, the reasons for their low migration rates have less to do with specific characteristics (e.g., race and age) than with a host of other factors that may also influence their behavior. Careful screening and assessment would therefore be critically important for determining both the feasibility of increasing their migration rates and methods for accomplishing it.

The overall results also indicate that permanent job loss diminishes the importance of many variables traditionally important to the migration decision. In particular, age and education, while important determinants of mobility for adult workers, do not appear to exert a consistent influence on the migration decisions of dislocated workers. This is surprising since education is assumed to reflect both market opportunities and the availability of information. The more education, the more market opportunities and information, and hence the more likely is one to migrate. In addition, age is thought to represent life-cycle effects, with younger workers being more apt to move since they are less tied both to family and job responsibilities, and have more time to reap the returns from migration.

The fact that these variables do not affect migration may be indicative of the overwhelming influence that permanent job loss has on migration behavior. Alternately, experienced and more educated workers may not migrate any more frequently than their counterparts because for those living in slack labor markets, these attributes may well make them more employable. Thus, our findings reveal the importance of closely examining migration behavior according to the labor force status of workers.

Turning now to our specific results for men, we find first that black dislocated workers are significantly less likely to migrate than whites. Moreover, this is not specific to dislocation since the average black worker is also less likely to migrate than the average white worker. When we examined the earnings gains attributable to inter-state migration for black men, we found that they were not significantly different from zero, while for white men they were in excess of $300 annually. Further, our results indicated that black workers move less frequently not only because of limited earnings payoffs, but also because their choice of destination points is may be more limited. A review of the dispersion of black migrants across their destination states revealed that over 50 percent were concentrated in six states. This is compared to 53 percent of white migrants concentrated in over twelve states. Thus, the relatively low migration rate of black men appears due to a limited set of destination states from which to choose which, in turn, narrows their range of employment and earnings opportunities and likely contributes to the observed absence of earnings effects.

We have also found that the probability of migration by male dislocated workers is less influenced by age and less sensitive to the presence of school age children than is migration by the average worker. While this latter variable had a negative effect on the migration status of all workers it was insignificant for dislocated workers. Last, the rate of migration is unaffected by the length of time on the layoff job.

Our findings also revealed a positive and significant relationship between the passage of time after layoff and the likelihood of migration, suggesting that male dislocated workers would rather remain in their community following job loss than move. Thus, any effort to increase their migration would likely have to be provided soon after a layoff occurs.

The same may not be the case for women. Time does not have a consistent influence on the migration of women. Similarly, race is not a key factor in influencing the migration decision of dislocated women, although it is for all adult women. Age and the presence of school-age children, however, are important. Dislocated women workers 45 to 54 are significantly less likely to migrate than younger workers. Similarly, the negative effect of school-age children implies the need to consider the entire family when planning relocation assistance services. Also important is the fact that dislocated women have lower migration rates than men, even after controlling for personal and job-related characteristics.

Job Loss and Occupational Mobility

In the labor market as a whole, adult workers change occupations and careers infrequently. In 1983, for example, no more than seven percent of all adult workers changed either their occupations or careers, and according to recent studies, 25 percent of all workers are employed in jobs that will last for 20 years of more. It is therefore not surprising that workers experience protracted unemployment following permanent job loss. In many cases, limited job search experience leaves them without the full range of knowledge and information needed to find a job in a short period of time.

When faced with permanent layoff, however, workers engage in job changing at rates that are nearly ten times that for all workers. Dislocated workers laid off in 1983 changed occupations at a rate of 69 percent, and careers at a rate of 58 percent. While this implies that workers are very adaptable, we found that such changes often lead to substantial earnings losses. In particular, close to 40 percent of dislocated workers who changed both occupations and industries became reemployed in jobs that paid no more than 75 percent of what they had earned on the layoff job. Adaptability must thus be viewed not only in terms of reemployment alone, but also in light of the earning prospects offered by alternative jobs. The key issue faced by programs attempting to assist dislocated workers is to identify ways that these workers can maintain, to the maximum extent feasible, the productive use of their accumulated experience and skills.

Our findings also revealed that certain sub-groups of the displaced worker population are less likely to be mobile than others. In particular, older workers, blue-collar workers, the less educated, and those with relatively large amounts of

tenure change occupations and careers less often than their counterparts; these groups also appear to experience relatively long durations of joblessness after layoff. These sub-group differences, however, largely vanish once other characteristics are controlled for, implying that their problems in the labor market have more to do with other factors (i.e., motivation, job search ability and knowledge) than with any of the particular characteristics themselves. Targeting workers with these characteristics for services will thus have to consider the array of variables that influence their mobility decisions.

Government Policies and Worker Mobility

Thus far, our analysis has shown that mobility has declined in the United States and is lowest among blacks, older workers, women, blue-collar workers, and those with accumulated firm-specific human capital. We have also seen that the costs of migration have increased substantially as a result of rising housing costs and the increase in the labor force participation of women. Further, while some workers appear to adapt to changing labor demand by switching occupations and careers, the job loss alone often results in substantial decreases in earnings. The twin issues of the "effectiveness" of existing policies in stimulating mobility, and how they might be changed to facilitate it, must be considered next.

Our key findings can be summarized as follows:

- **Despite observed declines in geographic migration, there is a conspicuous absence of efforts to facilitate the relocation of unemployed and other workers requiring assistance.** Although migration assistance is authorized under Title III of JTPA, Wagner-Peyser legislation, and the Trade Adjustment Assistance Act (TAA), it is not used very often by program enrollees nor is it advocated by program operators. This is unfortunate, for while it may be unpopular for politicians to support out-migration from their areas, relocation assistance can be an effective means for ensuring that unemployed workers become reemployed in jobs that make maximum use of their skills.

- **More information is needed regarding the effectiveness of alternative mobility strategies in general, and for those population sub-groups identified as being relatively immobile, such as blacks, those with limited levels of education, and workers above the age of 35.** In existing programs, job search assistance is viewed as the most practical and effective means for reemploying workers affected by skill mismatches. Classroom training and on-the-job training are often reserved for proportionately few workers, despite our findings that many indeed require such training.

  To date, three large-scale evaluations of reemployment programs for displaced workers have shown classroom training to be no more effective than the less expensive job search assistance. Since the more costly classroom training is theoretically prescribed for less skilled and educated workers, its reported ineffectiveness and the appropriateness of job search assistance are important to understand.

- **Available evidence on the effectiveness of mobility programs is mixed.** First, in 1983, displaced workers were found not to have used the Employment Service any more often than other unemployed workers, despite an apparently greater need for reemployment services. While funding reductions may have limited the ability of the Employment Service to serve these workers, the relatively low rate of use is potentially problematic and deserving of further investigation. It would be useful to examine existing rates of Employment Service utilization by displaced workers to determine whether previously observed low levels have continued.

  Second, estimates of the impacts of reemployment programs on dislocated and other unemployed workers reveal that while usage of ES services does not improve the earnings of men, job search assistance provided under Title III of JTPA has been found to produce positive and significant effects. These impacts, however, are not large enough to return male displaced workers to the wage level they earned on their layoff jobs; despite successful participation in a program, many displaced workers experience large earnings losses. It would appear that more information is needed to determine why the differences in effectiveness emerged between the two programs, whether it would be possible to increase the positive earnings effects of existing programs, and at what cost.

- **Research conducted to date on the effectiveness of reemployment and relocation assistance services is insufficient to determine how effective the programs have been and which agencies best deliver services.** While it is true that several studies of mobility programs have been undertaken, limited research designs make it difficult to reach valid conclusions. With the exception of one study of reemployment services, all others have relied on non-experimental research methods to assess program effectiveness. This is true of all evaluations of relocation assistance services, and of two of three evaluations of reemployment assistance services. It would therefore be useful and productive to design more effective research strategies that can produce valid results about the effectiveness of focused mobility programs.

Conclusions

On the basis of these findings, what can we say about the level and nature of worker mobility, and government policies to facilitate it? First, it would appear that during a time of accelerating economic change, worker mobility actually declined. While changes in the types and location of jobs became increasingly evident during the late 1970s, mobility, and in particular migration rates dropped for the most mobile segments of the population. Our analysis showed that this decline was due, in part, to rising housing costs and the increase in the labor force participation of married women.

Continued changes in the structure of the economy suggest that more, not less mobility will be needed to assist in clearing the labor market. Many workers in the economy will have to become more ready and able to make changes than in the

past. However, an aging labor force and further increases in the labor force participation of married women may work against this. Moreover, many of those workers most at risk to change appear to have the greatest difficulty responding to it. Among workers dislocated from their jobs, blacks, women, older and more experienced workers, and the less educated have mobility rates below those of their dislocated counterparts. With the exception of blacks, however, these differences largely vanish once other characteristics are controlled for. This suggests that the relatively low mobility rates of these groups is likely due to the convergence of several factors that inhibit their propensity to make changes in the labor market.

When displaced workers do make changes in the labor market, it can be costly. As has been shown elsewhere, over half of all reemployed displaced workers experience some loss in earnings relative to the layoff job. In addition, this loss is exacerbated when workers become reemployed in industries and occupations that differ from those of the layoff job. While a portion of this earnings decline can be attributed to the loss of human capital investments made in the layoff job, some is also the result of limited transferability of experience and skills to new jobs. Without targeted job search information and/or retraining that redirects existing skills to new areas of employment, workers may forego opportunities that would limit their loss on prior investments.

These findings make a clear case for government policies aimed at facilitating worker mobility; it is indeed true that such policies do exist. In particular, Title III of the Job Training Partnership Act and the Trade Adjustment Assistance Act are both intended to assist workers affected by changes in the economy. However, both programs raise certain issues about the effectiveness of existing federal mobility policies. The first is that relocation assistance, while authorized under both Acts, is offered to only a limited extent. Individuals tend not to select it and program operators do not encourage it. Given the sensitivity of workers to the costs of migration, and the relatively low migration rates of selected population subgroups, more attention will have to be devoted to determining those conditions under which relocation assistance could be most effectively offered. It is clear from our findings that such assistance will be needed if migration rates are to be increased.

The second issue is the absence of clear information on the types of other reemployment services (e.g., job search assistance, classroom training) that can effectively be delivered to workers affected by change. Existing evaluative evidence on program effectiveness is not sufficient to make such determinations. Increased emphasis on experimental designs to evaluate program options is needed to develop an effective mobility strategy.

The third and final issue is that of coordination. The existing policy landscape is comprised of different programs targeted on the same types of workers. These programs operate under differing administrative and planning guidelines, and are not tied together into a consistent strategy for facilitating worker mobility.

Thus, there is a need to take a careful look at existing federal programs aimed at facilitating worker mobility. As the economy continues to change, such programs will become increasingly important. The chief issue to be addressed is developing a coordinated policy strategy that is responsive to existing needs.

TABLE OF CONTENTS

EXECUTIVE SUMMARY 1

1.0 INTRODUCTION TO THE STUDY 12

1.1 Labor Mobility and Its Role in Today's Economy 12

1.2 Objectives of the Study 14

2.0 NATIONAL DEVELOPMENTS IN LABOR MOBILITY ACTIVITY AND WORKER MOBILITY 18

2.1 Indications of Labor Market Imbalance 19

2.2 The Changing Nature of Worker Mobility 24

3.0 WORKER MOBILITY AND EARNINGS 53

3.1 Migration Declines, Benefits, and Costs 54

3.2 Racial Differences in Migration and Its Effects On Earnings 57

Statistical Appendix to Chapter 3 59

4.0 THE DETERMINANTS OF WORKER MIGRATION 73

4.1 Overview of the Issues 73

4.2 Job Loss and Migration 79

4.2.1 Key Findings for Men 83

4.2.2 Key Findings for Women 88

4.3 Summary of Findings 91

Statistical Appendix to Chapter 4 92

5.0 OCCUPATIONAL MOBILITY AND CAREER CHANGING 104

5.1 Overview of the Issues 104

5.2 Job Loss and Worker Mobility 109

5.2.1 Key Findings for Men 114

5.2.2 Key Findings for Women 118

5.3 Summary of Findings 122

Statistical Appendix to Chapter 5 124

6.0 GOVERNMENT POLICIES AND PROGRAMS INFLUENCING WORKER MOBILITY 150

6.1 Overview of the Chapter 151

6.2 Labor Exchange Policies and Programs 153

6.2.1 The National Labor Exchange System: The U.S. Employment Service 153

6.2.2 Worker Relocation Policies and Programs 162

6.3 Human Capital Policies and Programs 173

6.3.1 Who Has been Served by Training and Employment Programs? 173

6.3.2 What Services Have Been Provided? 175

6.3.3 Program Outcomes: An Examination of Net Impacts On Employment and Earnings 178

6.4 Summary of Findings 184

Statistical Appendix to Chapter 6 186

7.0 CONCLUSIONS 196

References 202